

**IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WISCONSIN**

AMERICAN FAMILY MUTUAL	:	
INSURANCE COMPANY	:	
6000 American Parkway	:	
Madison, WI 53783	:	
	:	
Plaintiff,	:	Case No. 14-CV-896
	:	
v.	:	
	:	
THE TRAVELERS COMPANIES, INC.	:	
385 Washington Street	:	
St. Paul, MN 55102-1396	:	
	:	
and	:	
	:	
RICHARD ROLLYSON	:	
3745 East 55 th Street	:	
Indianapolis, IN 46220-5534	:	
	:	
Defendants.	:	

COMPLAINT

NOW COMES the above-named plaintiff, American Family Insurance Mutual Insurance Company (hereinafter "American Family") by its attorneys, Peterson, Johnson & Murray, S.C., and as and for its claims for relief, alleges and shows to the court as follows:

PARTIES

1. Plaintiff American Family is an insurance corporation, incorporated under the laws of the State of Wisconsin. Its principle place of business is located at 6000 American Parkway, Madison, Wisconsin.

2. The Travelers Companies (hereinafter “Travelers”) is an insurance corporation incorporated under the laws of the State of Minnesota. Its principal place of business is located at 385 Washington Street in St. Paul, Minnesota.

3. Richard Rollyson is an adult resident of the State of Indiana with an address of 3745 East 55th Street, Indianapolis, Indiana.

JURISDICTION

4. This Court has subject matter jurisdiction over this case pursuant to 28 U.S.C. §1332. The Plaintiff and Defendants are citizens of different states, are diverse parties, and the amount in controversy exceeds \$75,000.00.

5. Venue is proper in the Western District of Wisconsin pursuant to 28 U.S.C. §1391(a)(2) in that a substantial part of the relevant events occurred in the district.

FACTS GIVING RISE TO CLAIM

6. At all times relevant hereto, Travelers issued a fidelity bond to American Family entitled “Financial Institution Bond for Insurance Companies,” Bond No. 412BD0849, with the bond period effective from October 15, 2011 through October 15, 2012. A copy of the Bond is attached hereto as Exhibit A.

7. Under the terms of the bond, Travelers was to indemnify American Family for loss resulting from dishonest or fraudulent acts committed by its employees either acting alone or in collusion with another and committed with the intent to cause American Family loss and to obtain personal financial benefit.

8. During November and December of 2011, American Family conducted an internal audit of claims payments for its Indianapolis claims region which uncovered

questionable payments and poor documentation for several claims handled by Richard Rollyson, an American Family property claim field manager in the commercial/farm ranch field.

9. American Family referred the matter to an external firm for investigation and reported the loss to Travelers on January 4, 2012. The investigation revealed approximately \$2.5 million had been stolen by defendant Rollyson. A copy of the proof of loss is attached hereto as Exhibit B.

10. Travelers acknowledged receipt of the Proof of Loss on January 5, 2012.

11. On December 29, 2011, defendant Rollyson was terminated from his employment with American Family.

12. Following American Family's report of the employee theft to its fidelity bond provider, Travelers denied it owed a duty to American Family to indemnify it for its losses under the terms of the above-referenced fidelity bond. A Copy of the denial of benefits letter is attached hereto as Exhibit C.

COUNT I – DECLARATORY JUDGMENT

13. Plaintiff incorporates by reference all preceding paragraphs of this Complaint the same as if set forth fully hereinafter.

14. Notwithstanding the pledge of the Bond to indemnify American Family in the event of a loss that results from theft by an employee and to reimburse American Family for the amount of the loss incurred as a result of the employee's conduct, Travelers refuses to provide benefits to American Family under the aforementioned fidelity bond.

15. As a result of Travelers' conduct, an actual dispute exists between American Family and Travelers. These parties have genuine and opposing interests which are direct and substantial and of which a judicial determination will be final and conclusive.

16. Pursuant to Fed. R. Civ. P. 57 and 28 U.S.C. §2201, American Family seeks a judgment declaring that Travelers must specifically perform its contractual obligations by acknowledging that coverage exists for American Family under the terms of the bond and by indemnifying American Family for its losses.

COUNT II – BREACH OF CONTRACT

17. Plaintiff incorporates herein by reference all preceding paragraphs of this complaint the same as if fully set forth hereinafter.

18. American Family entered into a contract with Travelers and paid consideration in the form of premiums for coverage for employee theft.

19. American Family has complied with all conditions precedent for recovery under the fidelity bond, including timely reporting the claim to Travelers and adequately assessing its losses as a result of the aforementioned employee theft by defendant Rollyson.

20. The fidelity bond at issue herein includes a promise to indemnify American Family for all damages it sustained as a result of the employee theft by defendant Rollyson.

21. The loss resulting from the theft by defendant Rollyson is a covered loss and is not excluded from coverage under any of the applicable exclusions contained within the fidelity bond language.

22. Travelers has breached the express provisions of its contract with American Family by failing to indemnify American Family for its losses sustained as a result of defendant Rollyson's actions.

23. As a direct consequence of the foregoing, American Family has incurred damages, the amount of which shall be determined at trial.

COUNT III – CONVERSION

24. Plaintiff incorporates herein by reference all preceding paragraphs of this Complaint the same as if fully set forth hereinafter.

25. Defendant Rollyson wrongfully took funds belonging to American Family without lawful authority.

26. Those takings were without consent.

27. Defendant Rollyson's acts, with respect to the taking of such property, seriously interfered with the right of American Family to exclusively possess such property, which is a cause of the damages alleged herein.

28. As a direct, foreseeable, and proximate result of Rollyson's illegal conduct, American Family has suffered financial losses and other injuries.

WHEREFORE, Plaintiff, American Family Mutual Insurance Company, demands judgment in its favor and against the Defendants for an amount in excess of \$75,000.00, along with applicable costs and other damages.

**TRIAL BY A JURY OF 12 OF ALL ISSUES PROPERLY TRIABLE TO A JURY
IS HEREBY DEMANDED.**

Dated at Madison, Wisconsin, this 24th day of December, 2014.

/s/ Michael P. Crooks
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